



NACS News Summary

A service providing abstracts of timely and noteworthy articles for the convenience store industry.

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Marketing

Star Mart 'Co-Branding' Combines Fuel, Food

Knight-Ridder/Tribune Business News, May 28, 1996
Texaco has opened a store in Tulsa, Oklahoma, featuring A&W Root Beer and Rex Chicken restaurants. The company spent \$1.2 million to enlarge the store from a 600-square-foot Texaco Food Mart to a 3,444-square-foot Star Mart. The store, which is expected to double its gasoline volume with its new size, features music playing at the pumps and in the store, product names in lights and the illusion of shooting stars across the walls. Company officials say that the store "is geared to make people want to shop at Texaco. There's lots of parking, and anything they need they can get fast." ●

Snappy's To Open Convenience Store in Central Pennsylvania

Knight-Ridder/Tribune Business News, May 24, 1996
Snappy's enters the Central Pennsylvania convenience store market by opening the first of what owners hope will be a 50-store chain. The owners, Philipsburg, Pennsylvania-based J.J. Powell Inc., look to compete against Uni-Marts Inc., a 400-store chain headquartered in State College, Pennsylvania, and Sheetz, Inc., a 175-store chain based in Altoona, Pennsylvania. Snappy's will offer fresh pastries, fresh vegetables and fruit and each pot of coffee will be brewed from just ground beans. It also will feature Hot Stuff brand pizza baked at the store and Manhattan Bagel products. ●

Beverages

The Wizards of Fizz

Restaurant Business, May 20, 1996
With the growing popularity of signature sodas, some operators are finding it worthwhile to create their own private-label soft drinks. In suburban Chicago for example, Gale's Root Beer, the signature drink of the Brasserie T restaurant, has found success. Customers use the beverage as an alcohol-free drink with meals and as the base of root beer floats. Analysts also note that root beer can be highly profitable, with a cost of goods of about four percent versus approximately 30 percent for packaged soft drinks. ●

Competition

Banks and Supermarkets Like Bread and Butter

Knight-Ridder/Tribune Business News, May 21, 1996
Supermarket banks are growing rapidly. By the end of 1995, there were 3,142 in-store branches in the United States according to the Atlanta, Georgia-based International Banking Technologies. That's up about 25 percent from the previous year. And the number is expected to reach 4,000 by the end of this year. Analysts say that there will probably be fewer traditional branches and more in-store locations in fast-growing places across the country. They add that banks are actively looking at grocery stores because they offer the most opportunities to meet face-to-face with potential customers. ●

Entrepreneur to Start Up Online Grocery Store in Medford, Mass.

Knight-Ridder/Tribune Business News, May 20, 1996
After writing a 300-page thesis on grocery shopping without grocery stores in 1994, David Cuthbert received a master's degree from the Massachusetts Institute of Technology (MIT). Today, Cuthbert and an MIT classmate look to turn that thesis into Groceries To Go Inc., a service found on the Internet. Potential customers will place orders, and then drive to a warehouse the next day to pick up their groceries. Cuthbert says that eliminating overhead costs associated with running a supermarket and ordering directly from wholesalers will enable the company to save consumers time while selling them groceries at roughly the same prices they pay at supermarkets. ●

Attention Home-Meal Shoppers

Restaurant Business, May 20, 1996
With foodservice's venture into home-meal replacement, some grocers have decided to step up their use of restaurant personalities, practices and concepts. Byerly's, a ten-store supermarket chain in Minneapolis, Minnesota, generated strong sales with Wolfgang Puck's line of frozen packaged pizzas. When executives heard about the installation of Puck's Pizza Express quick-service concept in Gelson's supermarkets in California, they visited the facility, liked what they saw and a partnership with Puck soon followed. Pay Less, an eight-unit

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large amounts outside of the banking system. That's a problem." ●

AEI Music Launches Satellite Music and Messaging Channel

Business Wire, May 17, 1996

The first music and messaging service designed specifically for the convenience store industry has just been launched by AEI Music Network. The Convenience Store Network incorporates a digital message storage system called ProMessage. Both music and custom messages are broadcast to gasoline pump islands and into the store. AEI officials say that ProMessage eliminates the need and cost of real time messaging and allows stores to download custom messages at predetermined times. The cost of the Convenience Store Network starts at \$70 a month. ●

Motor Fuels

Gas Prices Rise Slightly

Associated Press, May 26, 1996

Gasoline prices may be leveling off just in time for the heavy summer demand. *The Lundberg Survey* reports that the average price at the pump for all grades rose only 0.11 percent of one cent to 138.07 cents per gallon. Gasoline prices have been on the rise since November 17, 1995, when the average price was 115.14 cents. Oil analysts attribute the leveling off to lower crude oil prices. They add that temporary supply shortages have ended. ●

House Votes to Lower Tax on Gasoline

The Wall Street Journal, May 22, 1996

The U.S. House of Representatives has voted to lower the federal gasoline tax by 4.3 cents a gallon. The bill would drop the tax to 14 cents a gallon until the end of the year. That's the level of the tax prior to the 1993 increase engineered by President Clinton and congressional Democrats. Lawmakers and industry analysts disagree over whether the reduced tax will result in lower prices at the pump for consumers or provide a windfall for the oil industry. The Senate is likely to consider a short-term cut. ●

Legal

Tobacco Makers Win Major Legal Battle in Louisiana

Reuters, May 23, 1996

A major victory for the tobacco industry. A federal appeals court in New Orleans has thrown out a class-action lawsuit that threatened to pit millions of smokers against tobacco companies. In a May 22, 1996, ruling, the 5th Circuit Court of Appeals said that each case must be tried individually. The case, filed by smokers claiming that they were addicted to nicotine, raised the possibility of potential claims against the tobacco industry had it moved forward as a class action representing all smokers. ●

Ex-Circle K Managers Win Monetary Award in Discrimination Case

The Wall Street Journal, May 22, 1996

A federal jury in Houston has awarded almost \$20 million in damages to four former Circle K managers in a discrimination suit. The plaintiffs, who are Vietnamese, alleged that Circle K directed its managers "to actively seek out reasons to terminate Vietnamese employees." The award includes actual damages totaling \$2.2 million and punitive damages of \$4 million to each plaintiff. Circle K calls the verdict "outrageous" and plans to appeal. The company says that it fired the plaintiffs because of "violations of company policy." ●

Young Smokers/Cigs Easy Buy

Associated Press, May 23, 1996

A 1995 government survey suggests that a ban on cigarette vending machines would have little impact. The survey, from the Office on Smoking and Health at the Centers for Disease Control and Prevention, finds that only two percent of underage smokers get their cigarettes from vending machines. According to the survey, which polled more than 1,000 smokers ages 13 to 17, 39 percent of youngsters usually bought their cigarettes at a store, 33 percent "borrowed" them and 16 percent gave other people money to buy them. President Clinton has proposed a ban on cigarette vending machines as a way to stop youngsters from smoking. ●

New York Retailers and Outdoor Advertisers Join With Others To Expand Efforts to Reduce Underage Sale of Tobacco Products

PR Newswire, May 22, 1996

New York retailers and advertisers have unveiled a series of public service billboards designed to discourage sales of tobacco products to minors. "The message from retailers to the community is clear: Under 18, No Tobacco or WE CARD," says Connie Barrella, Executive Director of the New York Association of Convenience Stores. The message is part of a national effort by the nation's largest retail associations, wholesalers and tobacco manufacturers. The WE CARD program provides education and training for retail clerks and their customers about the importance of complying with state laws prohibiting tobacco sales to minors. Membership in the "WE CARD" coalition includes the National Association of Convenience Stores, the National Grocers Association and the Tobacco Institute. ●

Slick New Ads By Drug Firms Decry Smoking

The Wall Street Journal, May 21, 1996

New anti-smoking ads are coming to the airwaves. A series of TV and print ads are being prepared by Smith Kline Beecham to push its nicotine gum and nicotine patch. While some are not convinced that campaigns designed to sell products will ultimately help people quit smoking, a marginal increase in ex-smokers could have a big impact on the cigarette industry. During the last few years, the industry has seen only a small rise in cigarette-consumption rates. ●

Mergers & Acquisitions

Untitled

PR Newswire, May 21, 1996

Tedeschi Food Shops, Inc. has agreed to purchase Li'l Peach from The Stop & Shop Supermarket Company. Included in the sale are 64 convenience stores and 26 pieces of real estate, all in Massachusetts. Tedeschi currently operates 70 stores in Massachusetts, New Hampshire and Rhode Island. ●

Earnings

Circle K Announces Fourth Quarter and Fiscal 1996 Results Income From Continuing Operations Up 66%

Business Wire, May 29, 1996

Circle K's income from continuing operations for the three months ended April 30, 1996, was \$10.8 million. That's a 66-percent increase from the prior year's \$6.5 million. Income from continuing operations per share for the fourth quarter was \$0.42, compared to \$0.31 in the prior year for the same period. Total revenues for the fourth quarter of fiscal 1996 were \$902 million. Comparable store merchandise revenues rose nine percent over the fourth quarter of the prior year, while comparable store gasoline revenues rose 10 percent on a two-percent gasoline gallonage increase. ●

Untitled

PR Newswire, May 21, 1996

The Stop & Shop Companies, Inc. announces sales for the 16-week first quarter, ended May 18, of \$1,513,830,000. This is an increase of 26.9 percent over last year's sales of \$1,192,540,000 for the same period. Comparable store sales increased 2.7 percent in the quarter, compared to 0.3 percent for the same quarter last year. Stop & Shop, New England's largest supermarket company, operates 64 Li'l Peach convenience stores; 159 Stop & Shop supermarkets, including 116 superstores; 17 Mel's Foodtown supermarkets and 28 Purity supermarkets. ●

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